

Financial Results for the 1st Quarter FY 2010

August 2, 2010

UBE INDUSTRIES, LTD.

Scope of Consolidation

— Financial Results for the 1st Quarter FY10 —

Item	End of FY09 (A)	End of FY10 1Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	66	-1	Newly Included : 1 Newly Excluded : 2
Number of equity method affiliates	24	24	0	Newly Included : None Newly Excluded : None
Total	91	90	-1	

Major P/L & B/S Items

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Item	FY09 1Q (A)	FY10 1Q (B)	Change (B) - (A)
Sales	120.1	139.9	19.8
Operating income	-1.2	4.3	5.6
Ordinary income	-3.4	3.0	6.4
Net income	-3.2	1.7	4.9
Item	End of FY09 (A)	End of FY10 1Q (B)	Change (B) - (A)
Total assets	654.7	665.2	10.4
Debt	281.3	280.6	-0.7
Net debt	244.0	237.8	-6.2
Equity capital *1	178.8	176.9	-1.9

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Non Operating Items

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Item		FY 09 1Q (A)	FY10 1Q (B)	Change (B) - (A)
Operating income		-1.2	4.3	5.6
Non Operating Items	Net interest expense	-1.2	-0.7	0.5
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	-0.2	0.3	0.6
	Gain(loss) on foreign currency exchange	0.0	-0.5	-0.4
	Others	-0.5	-0.4	0.1
	Total	-2.1	-1.3	0.8
Ordinary income		-3.4	3.0	6.4

Extraordinary Items

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Item		FY09 1Q (A)	FY10 1Q (B)	Change (B) - (A)
Extraordinary Income	Gain on share change balance	0.0	0.4	0.4
	Gain on sale of PP & E	0.0	0.1	0.0
	Others	0.0	0.0	0.0
	Total	0.0	0.5	0.5
Extraordinary Loss	Loss on disposal of PP & E	-1.6	-0.1	1.5
	Asset retirement obligations (Due to application of accounting standards)	0.0	-0.9	-0.9
	Others	0.0	0.0	0.0
	Total	-1.6	-1.0	0.6
Net extraordinary income/loss		-1.6	-0.4	1.1

Operating Income – Net Income

– Financial Results for the 1st Quarter FY10 –

(Billion Yen)

Item	FY09 1Q (A)	FY10 1Q (B)	Change (B) - (A)
Operating income	-1.2	4.3	5.6
Non operating item	-2.1	-1.3	0.8
Ordinary income	-3.4	3.0	6.4
Extraordinary item	-1.6	-0.4	1.1
Income before income tax and minority interest	-5.0	2.6	7.6
Income tax and minority interest	1.7	-0.8	-2.6
Net income	-3.2	1.7	4.9
Net income per share(Yen/Share)	-3.25	1.71	4.96

Environmental Factors

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Item		FY09 1Q (A)	FY10 1Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	97.3	92.0	-5.3	0.1	
Material Price	Naphtha (CIF)	\$/t	461	744	283	-1.6
	Naphtha (Domestic)	Yen/KL	33,300	49,700	16,400	(-1.4)
	Benzene (Average of US and Euro Contract Price)	\$/t	430	1,021	591	-4.7 (-4.3)
	Australian Coal	\$/t	94.0	124.7	30.7	-1.6
	(CIF)	Yen/t	9,146	11,472	2,326	(-1.3)

(): including impacts from fluctuation of exchange rate

Sales by Segment

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Segment	FY 09 1Q (A) *1	FY 10 1Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	32.8	43.6	10.7	Caprolactam chain 8.8 Synthetic rubber 1.9
Specialty Chemicals & Products	12.6	16.7	4.0	Specialty products 2.9 Fine chemicals 1.1
Pharmaceutical	2.7	1.9	-0.7	
Cement & Construction Materials	43.6	47.0	3.4	Construction materials and Quicklime related products 3.0 Cement and Ready-mixed concrete -0.5 etc.
Machinery & Metal Products	16.6	19.9	3.2	Machinery 2.3 Aluminum wheels 0.9
Energy & Environment	12.6	11.7	-0.8	Coal -2.3 Power 1.5
Others	4.5	6.2	1.7	Overseas sales subsidiaries 1.3
Elimination of intercompany transactions	-5.6	-7.4	-1.7	
Total	120.1	139.9	19.8	Increased by 16.5%

*1: The segmental information in FY 2009 is rearranged due to the adoption of Management Approach in FY2010.

Operating Income by Segment

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Segment	FY09 1Q (A) *1	FY10 1Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	-4.2	0.7	4.9	Caprolactam chain 4.0 Synthetic rubber 0.9
Specialty Chemicals & Products	0.0	1.6	1.7	Specialty products 1.5 Fine chemicals 0.2
Pharmaceutical	1.3	0.5	-0.7	
Cement & Construction Materials	0.3	1.0	0.7	Construction materials and Quicklime related products 0.9 Cement and Ready-mixed concrete -0.4 etc.
Machinery & Metal Products	0.1	0.1	0.0	Aluminum wheels 0.4 Machinery -0.4
Energy & Environment	1.2	0.1	-1.1	Coal -0.8 Power -0.2 etc.
Others	0.1	0.1	0.0	
Adjustment	-0.1	-0.1	0.0	
Total	-1.2	4.3	5.6	

*1: The segmental information in FY 2009 is rearranged due to the adoption of Management Approach in FY2010.

Analysis of Operating Income by Segment

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Segment	Operating Income									
	FY09 1Q (A) *1	FY10 1Q (B)	Change (B) - (A)						Subtotal	Impact from Internal Acct. Method
				Price *2	Sales Volume	Fixed Cost	Impact from LCM Method	Others *3		
Chemicals & Plastics	-4.2	0.7	4.9	2.3	1.5	-1.0	-3.8	5.7	4.7	0.2
Specialty Chemicals & Products	0.0	1.6	1.7	-1.3	3.4	-0.6	0.2	-0.1	1.6	0.1
Pharmaceutical	1.3	0.5	-0.7	-0.1	-0.6	-0.2	-0.1	0.3	-0.7	0.0
Cement & Construction Materials	0.3	1.0	0.7	0.2	0.7	0.0	0.1	-0.3	0.7	0.0
Machinery & Metal Products	0.1	0.1	0.0	-0.3	0.2	-0.1	0.1	*4 0.1	0.0	0.0
Energy & Environment	1.2	0.1	-1.1	-0.3	0.5	-0.3	0.0	*5 -0.9	-1.0	-0.1
Others	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment	-0.1	-0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.2	-0.2
Total	-1.2	4.3	5.6	0.5	5.7	-2.1	-3.5	4.9	5.6	0.0

*1: The segmental information in FY 2009 is rearranged due to the adoption of Management Approach in FY2010.

*2: Including both selling and purchase change *3: Including inventory valuation changes 3.0

*4: Including marginal profit on machinery products 0.2 *5: Increase in excluding unrealized gains -0.8

Sales Progress by Segment

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Segment	FY09 *1			FY10			Change (B) - (A)
	First Half	1Q	Progress (A)	First Half Forecast	1Q	Progress (B)	
Chemicals & Plastics	72.7	32.8	45.1%	97.5	43.6	44.7%	-0.4%
Specialty Chemicals & Products	28.3	12.6	44.5%	33.0	16.7	50.6%	6.1%
Pharmaceutical	5.0	2.7	54.0%	4.5	1.9	42.2%	-11.8%
Cement & Construction Materials	89.3	43.6	48.8%	90.5	47.0	51.9%	3.1%
Machinery & Metal Products	38.8	16.6	42.8%	40.0	19.9	49.8%	7.0%
Energy & Environment	25.7	12.6	49.0%	30.0	11.7	39.0%	-10.0%
Others	9.0	4.5	50.0%	10.0	6.2	62.0%	12.0%
Elimination of intercompany transactions	-12.7	-5.6	---	-15.5	-7.4	---	
Total	256.2	120.1	46.9%	290.0	139.9	48.2%	1.3%

*1: The segmental information in FY 2009 is rearranged due to the adoption of Management Approach in FY2010.

Operating Profit Progress by Segment

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Segment	FY09 *1			FY10			Change (B) - (A)
	First Half	1Q	Progress (A)	First Half Forecast	1Q	Progress (B)	
Chemicals & Plastics	-2.3	-4.2	---	4.0	0.7	17.5%	---
Specialty Chemicals & Products	1.1	0.0	0.0%	2.5	1.6	64.0%	64.0%
Pharmaceutical	2.2	1.3	59.1%	1.5	0.5	33.3%	-25.8%
Cement & Construction Materials	1.4	0.3	21.4%	2.5	1.0	40.0%	18.6%
Machinery & Metal Products	1.7	0.1	5.9%	0.5	0.1	20.0%	14.1%
Energy & Environment	2.1	1.2	57.1%	1.3	0.1	7.7%	-49.4%
Others	0.3	0.1	33.3%	0.4	0.1	25.0%	-8.3%
Adjustment	0.3	-0.1	---	-0.7	-0.1	---	---
Total	7.1	-1.2	---	12.0	4.3	35.8%	---

*1: The segmental information in FY 2009 is rearranged due to the adoption of Management Approach in FY2010.

Consolidated Balance Sheet

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Item		End of FY09 (A)	End of FY10 1Q (B)	Change (B) - (A)
Assets	Current assets	261.5	274.6	13.0
	Fixed assets	393.1	390.4	-2.6
	Total	654.7	665.2	10.4
Liabilities	Interest-bearing debts	281.3	280.6	-0.7
	Other liabilities	171.2	185.0	13.8
	Total	452.6	465.7	13.1
Net assets	Equity capital *1	178.8	176.9	-1.9
	Minority interest and Others	23.3	22.5	-0.7
	Total	202.1	199.4	-2.7
Total liabilities and net assets		654.7	665.2	10.4

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Consolidated Statements of Cash Flows

— Financial Results for the 1st Quarter FY10 —

(Billion Yen)

Item	FY09 1Q	FY10 1Q	
A.Cash flows from operating activities	8.4	16.7	Income before tax and minority interests 2.6, Depreciation and amortization 8.1, Working capital 3.7
B.Cash flows from investing activities	-6.8	-5.9	Acquisition of PP&E -6.5
Free cash flows (A+B)	1.6	10.7	
C.Cash flows from financing activities	-8.8	-5.3	Increase in interest-bearing debts -0.8 Dividends -4.3
D.Net increase/decrease in cash and cash equivalents	-7.0	5.4	
E.Cash and cash equivalents at end of the first quarter	32.1	42.7	

Business Highlight

Chemicals & Plastics

- ◆ Ube Industries, Ltd. has decided to establish a local subsidiary in Brazil, which will serve as a launch pad for developing the market for Ube Group products in Central and South America. (May 2010)
The new subsidiary, UBE Latin America Servicios Ltda, has been established in July 2010.

Specialty Chemicals & Products

- ◆ Ube Industries, Ltd. has decided that it will expand the production facilities for polycarbonate diol (PCD) in Spain in response to rising global demand. (June 2010)

Energy & Environment

- ◆ Ube Industries, Ltd. has decided to withdraw from the Ebara-Ube Process(EUP) business, which recycles waste plastics and other materials under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Act). (May 2010)

The logo consists of a blue square containing white text. The text is arranged in four lines: "Wings of", "technology", "Spirit of", and "innovation" in a serif font, followed by "UBE" in a bold, italicized sans-serif font.

Wings of
technology
Spirit of
innovation
UBE

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